TRICARE CONFERENCE
Plenary Presentation
By
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Assistant Secretary of Defense For Health Affairs

I would like to again thank Dr David Chu, the under secretary of defense for personnel and readiness—and my boss—for taking time from an exceptionally busy schedule to underscore his and the Secretary's concern and support for the military's health system.

I also want to recognize and congratulate someone who is not with us this morning -- Mr Charlie Abell, who was recently confirmed as the Principal Deputy Assistant Secretary of Defense for Personnel & Readiness. Mr Abell continues to be one of the great advocates for our military health system and one of the finest communicators ever of our issues to the Congress and to the many organizations who represent our beneficiaries.

And finally, I want to especially thank all of you in this audience for being here this week – Our service members, advocates from The Military Coalition and The National Military Veterans Alliance, members of the press, and our civilian partners.

When we gathered here one year ago, the war on terrorism had just begun. The United States military had deployed to Afghanistan, defeated the Taliban, and seriously damaged the war-making ability of Al Qaeda. We experienced a domestic attack with anthrax and the threat of bioterrorism moved from the "too hard" box to center stage – and a new reality of assymetric threats against freedom both here at home and throughout the world.

Now, a year later, our men and women continue to demonstrate why we are the finest fighting force the world has ever known. The demands placed upon the United States military are greater than existed even twelve months ago. Tens of thousands of Americans have deployed to the Gulf Region; Families have bid farewell to their loved ones from almost every naval harbor in the country; 37,000 American soldiers are sitting on point at Camp Bonifas at the DMZ and throughout the Korean Peninsula; our Reserve Component service members continue to join their active duty counterparts in significant numbers as one fighting force. Before I say anything else, I want to first say thank you and godspeed.

These are very serious times, and there is much to be done in the coming year across the Military Health System. Last year, we set a course in pursuit of 4 major goals

-To Improve Force Health Protection and Readiness

-To Improve TRICARE

-To further our outreach, coordination and collaboration

-To improve provider recruitment and retention

I want to briefly reflect on how we have performed in achieving these goals, and outline what we need to do in the coming year

Perhaps the most important step we took in 2002 was to restart a strategic planning and governance process for the entire Military Health System. The Surgeons General and senior leaders in DoD spent a considerable amount of time over the span of several months, putting together our shared vision and strategy for the coming years. We used the Balanced Scorecard model – an approach first championed by General Peake and the Army Medical Department. Jim Peake was a pacesetter for DoD – The balanced scorecard was later adopted by the Army Chief of Staff, and has now been adopted by Secretary Rumsfeld as the model for DoD.

We took a fresh look at what it is we do, those we serve, and the values that our service represents, and then redefined what is expected of us. The product represents a collective leadership view of our priorities – where, as leaders, we will put our focused attention, our resources, and our metrics. And this is where we are establishing new ground – beyond seeking consensus for goals or strategy, we are committing to accountability for performance.

Force health protection and medical readiness is a value and an area of intense focus. Much has been accomplished.

In the past seven months, the Department of Defense has announced two major immunization efforts – the resumption of the anthrax vaccination, and the initiation of smallpox immunization, which had ended for US service members in 1990, and terminated for the rest of the world in 1979.

Since we resumed anthrax vaccination in June 2002, the program has moved out extremely well. Your quiet professionalism and the scientific facts have won the day. A few critics remain. But bad information has been beaten by a military force, including a DoD leadership, better informed about the threats posed by biological agents, and a communications effort that has been second to none.

Credit goes to a vast number of individuals at all levels of the Military Health System. But I want to recognize three people with us this morning who have shown a level of determination, perseverance and simple brain power that has contributed immeasurably to the credibility of our vaccination efforts – Colonel Randy Randolph, Lieutenant Colonel John Grabenstein, and my own military assistant, Lieutenant Colonel Guy Strawder!

Colonel Randolph, Colonel Grabenstein, Colonel Strawder – Not enough people know what you have done, but more should. You have made significant contributions to protecting the health of our men and women in uniform. Thank you!

On December 13th, I was honored to stand with President Bush when he announced that we would resume the vaccination against smallpox for military members at risk and those from the civilian medical community who would be called to respond in the event of a smallpox attack. The Department of Defense immediately initiated vaccination of select service members.

As the civilian sector begins their vaccination efforts, it is being met in some quarters with skepticism and fear. As a physician, I know that the smallpox vaccine has a risk profile that merits heightened awareness. But as your ASD, I know that our experience with this vaccine sets a standard for safety for the rest of the country and the world. There is no other medical system in the country or on the planet with the documented experience and successful outcomes that we have.

From 1945 to 1990, DoD immunized millions and millions of service members against smallpox and experienced no deaths. Zero.

How? With great professional attention and the finest basic medical care – careful screening before vaccination, and close monitoring after the sticks. While military service members are certainly healthier than the general public, our experience should serve as a guide to the civilian community, and you should take this message back home.

There are some who argue that because the threat is not clear, that this program is unnecessary. I can't tell you whether the likelihood of a smallpox attack is 1/10th of 1 percent or 75 percent. But we know this – the former soviet union weaponized smallpox and produced it in significant quantities. We don't know if it is all accounted for. Others may also have produced and stored it. I cannot speak for those in the civilian community who would advise against taking the vaccine, but I am certain that we have made the right choice in taking this weapon out of the hands of our enemies by our preemptive action to protect our forces.

We have attacked and neutralized the top two biological threats against the forces of freedom. But The work does not end with vaccination against Anthrax and smallpox. We have much more to do in the coming year to improve protection against a number of biological, chemical and other threats from weapons of mass destruction. We will accomplish this in close coordination with the Centers for Disease Control and Prevention, the Food and Drug Administration, the Department of Homeland Security and with private industry.

We published new clinical guidelines for pre- and post-deployment. In the coming year, our adherence to these policies will be vital. This is not some sort of bureaucratic block checking. The trust of our service members, their families, and the American public in

the military is based on our skill in continually assessing and documenting the health of our forces. We've got to do this right. I know we will.

We have also pursued a strategy of incorporating information technology into the battlefield arena. T-M-I-P, the Theater Medical Information Program is our premier provider of medical IT support for fielded forces. Earlier this month, we provided the military services with TMIP software to allow them to collect medical surveillance information in support of current operations. I have seen this in action. This software enables the interpretation of random clinical events into discernable patterns….patterns that may indicate the use of chemical or biological agents against our forces or civilian populations. I am very excited about the capabilities we are introducing here – and it will enhance force health protection, medical command and control, and patient care in deployed locations.

As we improve our force health protection measures and our medical readiness across-the-board, we know that every soldier, sailor, airmen and marine is more "medically ready." But one of the elements that our strategic planning group identified as a gap in our measurement process is that we have never clearly delineated a standard by which we define individual medical readiness. One of the most important efforts to be introduced in this year, and in the coming month, will be an "individual medical readiness" metric. You will hear more about this at the conference, and I am looking forward to reviewing the final product in the very near future.

A critically important goal that we set for ourselves last year, and to which we renew our commitment is to Improve TRICARE.

Everyone in this room continued the work to make the TRICARE program work for all of our patients, and there were a number of important steps taken this year throughout the world.

I have said that TRICARE is not just about contracts for health care. The TRICARE program is OUR health plan – not a private sector contracted plan. Its successes are our successes, and its failings are our failings.

The successes of the past year are significant:

When we met last year, we had a very good kickoff to the TRICARE For Life benefit. There were glitches. But you fixed them – and you did more than fix them. You put the patients first, and you made sure the fixes were done on our dime, and not theirs! More impressive than the fix in computer systems and data sharing with Medicare, however, were your communication skills. The TRICARE For Life program truly represents an industry benchmark for how to reach out to consumers, to reach out from every venue we could – national letters, press releases, and information packages, local briefings, town hall meetings, and the most important element of all—sitting down with people, one-by-one and telling them how their benefits work. This is about Trust. And you restored that trust.

You also enrolled more than 100,000 seniors into TRICARE Plus. Providing a health system for these deserving beneficiaries far superior to the previous "space available" runaround. As a result, our system is far more rationale and manageable for all of our beneficiaries.

For quality improvement in TRICARE, patient safety is paramount. The Pharmacy Data Transaction Service, or P D T S. The benefits that have accrued to DoD and to our patients as a result of this technology are enormous. More than 50,000 potentially life-threatening adverse drug interactions were prevented! It is fast, it is accurate and it saves lives. In the Fall, PDTS was one of the seven finalists for a Presidential Quality Management Award in a ceremony led by President Bush. In the area of pharmacy benefit management and patient safety, we are not just meeting or exceeding national benchmarks. We are establishing the benchmarks.

Equally exciting to me last year were the initiatives employed to improve access to health care, particularly for our Prime enrollees. In April of last year, I had the opportunity to visit several MTFs in the European theater, and I returned home very impressed and excited about the "Open Access" initiatives taking place across Europe. I was so enthused, in fact, that I wrote a news column extolling the great work being done in Europe.

What I didn't fully expect was some of the feedback that I received. Telling me – in effect – "if you really want to see how this Open Access program works, you could benefit from a visit to my MTF."

And as I continued my visits around the country, I learned that there is a LOT of aggressive innovation happening around this open access model – truly meeting the Secretary's challenge to transform approaches to every day challenges. And I am more than happy to see a fight for recognition when talking about such an important program. In this year's stakeholder report, we highlighted a case study from Hill Air Force Base in Utah where the introduction of Open Access has been coupled with impressive gains in both Patient AND Provider Satisfaction. My congratulations go to everyone who has introduced this program at their hospital or clinic.

Another program that we are closely monitoring at the DoD level is the TRICARE On-Line initiative. Again you are out in front of much of the industry on providing our enrollees and other beneficiaries with QUALITY web-based support. Admiral Mike Cowan deserves a lot of credit for promoting and funding this initiative when he was at TMA and then promoting further in the Navy. The returns are beginning to come in. And, at this time, the most important basis for success is coming from the local leadership – both in promoting it to their enrollees, and in providing essential feedback to the leadership at TMA. We are charting new ground here, and nothing should be left unquestioned. In the year ahead, We will deploy TRICARE On-Line to almost all of our MTFs. I am counting on you to make it work.

And I am counting on you to offer ideas on where to take it next. One initiative that we are studying is the ability for patients to email and consult electronically with their providers. Blue Cross/Blue Shield of California recently announced that they are going to reimburse providers for online consultations. We have to find ways to provide incentives to our patients and our providers to communicate in this way where it is appropriate. Again, this is transformational, a new way of thinking.

Finally for TRICARE, this will be an important year of transition. In the Summer of 2002, we released new TRICARE contract requests for proposal – the benefit didn't change, but the way that we will administer this program will change. And for the better.

You know the framework, but I want to share my thoughts on this important new beginning with you. We set out some very broad guiding principles as we shaped these new contracts – Simplifying administration; Increasing Accountability; Improving customer service.

First, we are moving from seven contracts to three contracts. And we are moving from eleven regions in the United States to Three regions. Three regions, three contracts. Simplicity.

These three new regions are big! They cover a lot of square miles, and they have millions of beneficiaries in each region. It will require a fundamental change in how we manage our activities. Everyone is familiar with the phrase – Health care is best managed at the local level. And let me tell you from my experience in private sector health care – that is not a phrase exclusive to the military setting! In the new TRICARE model, it will be a fact.

The fundamental basis for our planning and for our measuring will be the local health care marketplace.

It's important from several perspectives. First, a recognition that a region is comprised of numerous health care markets. It will be the regional director's job to support the local commanders and market managers – but not to tell them how to do their business. The success or failure in a health care market will be that local market leader.

The glue that will bind us all together will be a regional business plan – one that is built on expectations for performance that are not set by me, but by you! I want to ensure that our business planning process uses some of the very effective business planning already employed by the Services. Every Service has made valuable contributions. I would add that the model used by General Taylor and the Air Force, that integrates and prioritizes requirements using readiness, clinical and business analysis is superb.

Local plans with clearly understood goals and forecasts will form the basis for how we expect health care to be delivered each year. And then, we will doggedly measure ourselves. And the most important principle underlying these plans will be full visibility. We all share data, and we all are held accountable. Monthly meetings of the Military

Health System Executive Review, chaired by Dr. Chu, will have regional directors reporting to the civilian and military leadership of the Services and DoD on health plan performance.

In those communities where there are multiple MTFs serving the local population, particularly MTFs from more than one Service, we are still talking about one market. In multiple service, multiple MTF markets, there will be one senior market manager—a military officer-- who will be accountable for that market performance.

This concept of looking at a health care market, unconstrained by the number of MTFs, or the type of service, in a given area is very important. We are taking a look at how best to organize ourselves in two major medical markets right now – in both the National Capital Area and in San Antonio. General Kiley and Admiral Arthur are leading the way in the Washington area, and General Rogers and General Peregini in San Antonio. You will hear more about their efforts in the months ahead.

It is vital that we set the agenda and the direction for the structure and infrastructure of the Military Health System. There are plenty of people who will be happy to set our direction if we do not.

The regional director will have responsibilities for the overall health plan delivery in his or her region. He or She has particular responsibilities for ensuring that our contract partners support our markets and local commanders. And they have responsibility for establishing goals and achieving them through their regional business plans.

The Surgeons General have not only asked for more accountability for the direct care system's performance. They have demanded it! In this new regional construct, the Surgeons General will be accountable for the performance in their individual markets.

And beginning with my office, and shared throughout DoD and TMA, is the understanding that we are responsible for delivering on our promises to our seniors and to those of you in the field. I understand that the expectation for superior performance is a 2 way street.

I opened my comments about TRICARE by saying that its success is our success. And I want to circle back on that theme. Every one of the issues I raised here is about our leadership responsibility – greater accountability for performance in quality and optimized facilities; greater simplicity – in management and in patient administration; and finally in patients that are even more pleased with getting their care from their military health system. These are our responsibilities. Our contractors are essential partners for us, but the leadership role is ours. Never forget that.

There are still issues being addressed about the coming transition that I know many of you want to learn more about. A great deal of progress has been made under the leadership of Nancy Adams:

-We have an organizational construct for the Regional Director offices.

-We have a notional staffing model for these offices.

-We have Deputy Directors selected for these positions, who will be in place by this summer and will have a critical responsibility for managing the transition between contracts.

I am sure that there are a number of you who are asking – what about Lead Agent staffs not serving at the new Regional Offices. The role of Lead Agents in these locations will transition over the next two years, and a focus will move to market management responsibilities in these sizable local health care markets, and a sustainment of our commitment to serve our beneficiaries and improve our customer service. But it is not happening overnight. We still have responsibilities under our current contracts, and the transition will be an enormous undertaking. We value the work all of you are doing. There is more to do in describing the transition plans, and we owe that to you.

As you know, past transitions in TRICARE have been problematic. I am committed to making this transition work for our military members and retirees and their families -- through good anticipation and planning. And we need to approach our planning from the consumer's perspective. Ask yourselves what are my questions as an enrollee or as a TRICARE beneficiary?

I know that the Surgeons General and TMA have identified one major issue – how do we plan to deliver appointing services in this new era? I believe it is one of the most critical issues that we face. And we need to reach our decision with a set of principles and a plan that is easily managed. Here are just some principles to which we will adhere:

-There will be consistent standards for appointing across the system – and these standards will be the same whether the work is performed by contractors or government personnel.

-There will be a credible means of monitoring performance.

-Success will be measured by patient satisfaction.

-The system needs to be tested and fully operational on the start date of the new contracts.

Our beneficiaries also have expectations that their private medical information is secure. Everyone here is familiar with the unfortunate criminal theft of beneficiary information from one of our TRICARE contractors. I am not interested in dissecting that case, but in looking forward to establishing even tighter security and accountability for all sensitive information, and particularly health information.

Adherence to the soon-to-be effective HIPAA standards and other information security measures are necessary steps. But the single most important element to leadership at every level. We have had a wake-up call. We must remember that here in the Department of Defense, electronic and physical security is required to protect our patients, AND to promote national security. We all have responsibilities.

Electronic sharing of health care information provides great advances in patient safety and quality. And there is good news on the horizon. In the past twelve months we've completed and passed operational testing on CHCS II. We've received the green light for MTF deployment, and we have begun limited deployment at five MTFs around the country. A recent external study released by an information technology think-tank, hails CHCS II as one of the most comprehensive computerized patient records in the industry. CHCS II improves record availability to near 100%; it automates much of the writing and coding of medical records to reduce the administrative burden on providers. And finally, among a long list of other improvements, immediate trending and graphing of clinical data is now only a mouse-click away. The future is now for CHCS II. We need to appropriately invest in training and in working out any problems. But I believe that this technology is transformational. CHCS II enables faster, more accurate, and more reliable information-based clinical decisions for enhancing direct patient care.

Finally, with respect to TRICARE, let me note a new initiative critical to our goal of serving military families and improving customer satisfaction – the MHS Obstetrics Initiative. The Congress has amended Non-availability Statement requirements for women not enrolled in TRICARE Prime, providing expanded patient choice. We are in a competitive environment! And we have a story to tell – First, about the high quality of our obstetric care, and Second, about the customer-oriented services we pledge to deliver. You will hear more about the national campaign at this conference. But our success will occur at the local level through your direct efforts and energy. I recognize that there is also a resourcing tail to this strategy, and I am going to remain involved in measuring our progress.

In our pursuit of becoming more efficient and increasing our interoperability with our partners, we have had a particularly focused interaction with the Department of Veterans Affairs.

The DoD-VA relationship is the healthiest it has ever been. And the work we are doing throughout our system is helping us better collaborate with the VA. Dr. Chu noted some of the very senior-level agreements that have been achieved. I would like to give you some additional examples. Our successful implementation of PDTS helped us make inroads to obtain federal pricing for prescription drugs purchased from retail pharmacies. This victory alone will save DoD many millions of dollars. Our new TRICARE contracts have been designed with the opportunity to make it easier for VA facilities and local commanders to augment the civilian network through targeted sharing agreements. And we are moving ahead with improved data sharing so that our care to veterans is seamlessly transferred for more effective patient care.

I don't take credit for this. I am giving credit. The reason that we are being rightly recognized as a vital and indispensable asset for our partners in the federal government is the increased awareness and respect for the work all of you have done over the last several decades to prepare for the worst. We have the finest cadre of medical planners in the world. We understand rapid movement of medical supplies and personnel. We have unmatched laboratory and other clinical capabilities through Ft Detrick, the Armed Forces Institute of Pathology, the Armed Forces Radiobiological Research Institute, USUHS, and other leading military medical institutions throughout this country.

I said last year that the Military Health System's success can be attributed first and foremost to our ability to recruit and keep the finest team of medical professionals—officer and enlisted—in the country. We must continue to place great emphasis on our people – and rewarding them for the fine work they perform.

And in making that statement I committed to improving compensation for those in the most critical areas we need to meet our wartime mission. We stumbled a bit in the process of delivering on that commitment. But we made a down payment to our medics with our Critical Skills Retention Bonus unveiled late in this year.

In the end, our success comes down to the quality of people doing the work. A year ago, I said that the Military Health System can and should be the preeminent health care system in this country. Your continued excellence has our system on that path.

Dr. Chu has recognized the excellence of one of our own, Admiral Tom Carrato. I would like to add my thanks to you – Tom. For your ceaseless efforts, your wise counsel, and your simple ability to get things done. Thank you.

To all of you, Thank you again for being here, for the service you render to our country, and for the sacrifices you and your families make to serve America. I wish you all a very productive conference, and I look forward to speaking with many of you this week.

Thank you very much.